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Brazil

Oilseeds and Products

Update Report

2001

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Report Highlights:

2001/02 crop soybean planting is all but complete. Although early, good use of technology and favorable weather to date bode well for the next harvest. Post crop area estimate and production projection are increased to 15.6 MHA. and 42 MMT respectively. Projected MY 2002/03 soybean export figure raised to 17.6 MMT.

The cottonseed crop will decline with lower cotton area.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
São Paulo [BR3], BR

Executive Summary

Soybeans

Trade sources indicate new crop soybean planting is essentially complete. Based on discussions with industry contacts, Post has increased the new crop (marketing year (MY) 2002/03) area estimate to 15.6 million hectares (MHa.). The increase in area is across the broad Brazilian soybean area, with the states of Paraná, Mato Grosso and Goiás accounting for much of the difference.

New crop yield prospects are favorable and, with continuation of good weather over the extended production area, the present outlook is for another strong Brazilian soybean harvest in 2002. Based on the increased area estimate and favorable crop conditions to date, Post has increased the new crop soybean production projection to 42 million metric tons (MMT).

The export figure for MY 2002/03 has been increased based on prospects for a larger crop and industry indications that the domestic crush is not likely to increase past the current projection.

Cottonseed

The cottonseed production series has been adjusted based on local industry information.

SOYBEANS & PRODUCTS**Soybeans**

PSD Table						
Country	Brazil					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised 1999		Preliminary 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Market Year Begin	02/2000		02/2001		02/2002	
Area Planted	13,650	13,700	13,975	13,975	15,500	15,650
Area Harvested	13,600	13,600	13,970	13,970	15,500	15,600
Beginning Stocks	470	470	600	471	510	481
Production	34,200	34,200	38,800	38,800	41,500	42,000
MY Imports	800	799	900	900	900	700
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	35,470	35,469	40,300	40,171	42,910	43,181
MY Exports	11,779	11,779	15,700	15,600	17,100	17,600
MY Exp. to the EC	9,000	7,648	8,000	9,000	8,500	9,000
Crush Dom. Consumption	21,450	21,578	22,400	22,400	23,300	23,300
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	1,641	1,641	1,690	1,690	1,740	1,740
TOTAL Dom. Consumption	23,091	23,219	24,090	24,090	25,040	25,040
Ending Stocks	600	471	510	481	770	541
TOTAL DISTRIBUTION	35,470	35,469	40,300	40,171	42,910	43,181
Calendar Year Imports	700	807	750	900	0	500
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	10,500	11,517	9,200	15,700	0	12,000
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production**Area**

Trade sources indicate new crop planting is essentially complete. Industry estimates for planted area surpass the Ministry of Agriculture's (CONAB) December estimate of 15.455 MHa. Industry estimates tend in the 15.6-15.7 MHa. range. Based on discussions with industry contacts, Post has increased the new crop (MY 2002/03) area estimate to 15.6 MHa. The increase in area is across the broad Brazilian soybean area, with the states of Paraná, Mato

Grosso and Goiás accounting for much of the difference.

Yields

The optimistic domestic farm gate price outlook, further devaluation of the Real during much of the planning (pre-planting) season, and adequate financing from a variety of sources, led producers to maintained favorable application rates of inputs. Thus, new crop yield prospects are favorable and, with continuation of good weather over the extended production area, the present outlook is for another strong Brazilian soybean harvest in 2002. Present industry estimates tend to range 41-43 MMT at this as yet early stage. Based on the above noted increased area estimate and favorable crop conditions to date, Post has increased the new crop production projection to 42 MMT.

Inputs

The Brazilian Fertilizer Association notes that total fertilizer sales for 2001 through August, were up nearly 4 percent from the same period a year ago. The 2000 level for the period, in turn, was up nearly 50 percent from the previous year. While much of the 2000 increase was recovery in fertilizer sales to the sugar cane sector, soybean producers reportedly maintained appropriate application rates as they expanded planted area.

Financing

Producer financing is reported as having been favorable during the period of input acquisition for the new crop. Coming from the GOB, in the form of official debt rollover – R\$20 billion, 20 year repayment, 3 percent/year interest – and increased higher total payment levels, to Reals (R\$) 200,000 per farmer, and from the private sector in the form of direct credit and "swap" – inputs for soybeans – producers were able to expand area while maintaining their level of technology application.

The impact of the various financing sources vary by region. Southern producers, for instance, are smaller and the Government of Brazil (GOB) credit covers much of their production costs. Concurrently, the options for investment beyond their established crop area are limited. Producers in the new lands of Center-West and the northern areas, on the other hand, are much larger and they are able to invest easily in expanding crop area, which requires additional equipment and other production inputs, in addition to the cost of buying and clearing the land. With international interest rates at present levels, traders and others reportedly find the opportunity cost of investing in Brazilian soybean production in their favor. As such, local information indicates 90 percent of agricultural chemicals are sold in crop terms (swap); traders cover about 50 percent of soybean crop financing; commercial banks, using the GOB required cash deposit focused to agriculture with GOB backing, can cover up to 60 percent of soybean producers' needs; and, input dealers cover up to about 25 percent. So there is plenty of potential credit available.

Trade further reports that favorable futures prices earlier in 2001 led to early forward selling of up to 30 percent of the crop, which is slightly ahead of the normal sales pace.

Trade

Imports

Based on industry and GOB information, Post has reduced the projected MY 2002/03 import level.

Exports

The export figure for MY 2002/03 has been increased based on prospects for a larger crop and industry indications that the domestic crush is not likely to increase past the current projection.

Stocks

End of year stock levels reflect the residual effect of changes in the production, supply and demand (PS&D) balance.

Soybean Meal

PSD Table						
Country	Brazil					
Commodity	Meal, Soybean			(1000 MT) (PERCENT)		
	Revised 1999		Preliminary 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Market Year Begin	02/2000		02/2001		02/2002	
Crush	21,450	21,578	22,400	22,400	23,300	23,300
Extr. Rate, 999.9999	0.7879	0.7800	0.7879	0.7790	0.7876	0.7768
Beginning Stocks	457	457	410	446	385	371
Production	16,900	16,831	17,650	17,450	18,350	18,100
MY Imports	118	119	180	180	242	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	17,475	17,407	18,240	18,076	18,977	18,571
MY Exports	9,865	9,861	10,450	10,300	10,900	10,500
MY Exp. to the EC	7,934	7,934	7,900	7,900	7,800	8,000
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	7,200	7,100	7,405	7,405	7,642	7,700
TOTAL Dom. Consumption	7,200	7,100	7,405	7,405	7,642	7,700
Ending Stocks	410	446	385	371	435	371
TOTAL DISTRIBUTION	17,475	17,407	18,240	18,076	18,977	18,571
Calendar Year Imports	0	99	0	100	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	9,388	0	10,300	0	10,500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Production figures for MY 2000/01, 2001/02 and 2002/03 have been adjusted based on local industry extraction figures – actual, estimated and projected respectively.

Trade

The out year import figure was adjusted downward based on local industry information.

Export figures for MY 2001/02 and 2002/03 have been adjusted downward to reflect the lower production numbers.

Consumption

The out year consumption level has been adjusted based on local projections. Indications are for increased demand from the poultry sector.

Soybean Oil

PSD Table						
Country	Brazil					
Commodity	Oil, Soybean			(1000 MT) (PERCENT)		
	Revised 1999		Preliminary 2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin	02/2000		02/2001		02/2002	
Crush	21,450	21,578	22,400	22,400	23,300	23,300
Extr. Rate, 999.9999	0.1870	0.1905	0.1908	0.1893	0.1910	0.1897
Beginning Stocks	220	220	210	294	225	244
Production	4,012	4,111	4,275	4,240	4,450	4,420
MY Imports	111	111	250	150	300	150
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4,343	4,442	4,735	4,684	4,975	4,814
MY Exports	1,133	1,148	1,450	1,450	1,550	1,550
MY Exp. to the EC	0	0	0	25	0	25
Industrial Dom. Consum	200	200	210	210	220	220
Food Use Dom. Consump.	2,800	2,800	2,850	2,780	2,975	2,850
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	3,000	3,000	3,060	2,990	3,195	3,070
Ending Stocks	210	294	225	244	230	194
TOTAL DISTRIBUTION	4,343	4,442	4,735	4,684	4,975	4,814
Calendar Year Imports	0	106	0	150	0	150
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1,073	0	1,500	0	1,500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Production figures for MY 2000/01, 2001/02 and 2002/03 have been adjusted based on local industry extraction figures – actual, estimated and projected respectively.

Trade

The current and out year import figures were adjusted downward based on local industry information.

Consumption

The present and out year consumption levels have been adjusted based on local estimates and projections. Local contacts indicate part of the reduction in soybean oil consumption is due to increased competition from other vegetable oils, such as sunflower, corn and canola.

COTTONSEED & PRODUCTS**Cottonseed**

PSD Table						
Country	Brazil					
Commodity	Oilseed, Cottonseed			(1000 HA) (1000 MT) (RATIO)		
	Revised 1999		Preliminary 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Area Planted (COTTON)	700	752	730	853	930	730
Area Harvested(COTTON)	752	752	900	853	765	730
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1,110	1,130	1,526	1,475	1,270	1,125
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1,110	1,130	1,526	1,475	1,270	1,125
MY Exports	0	1	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	965	980	1,350	1,315	1,125	980
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	145	149	176	160	145	145
TOTAL Dom. Consumption	1,110	1,129	1,526	1,475	1,270	1,125
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1,110	1,130	1,526	1,475	1,270	1,125
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

The cottonseed production series has been adjusted based on local industry information.

The drop in area for new crop cotton will have a corresponding impact on cottonseed availability. Cottonseed continues a by-product with the local supply going to crush and to cattle feed.

Crush

PS&D crush figures have been adjusted to reflect changes in production figures.

Cottonseed Products

PSD Table						
Country	Brazil					
Commodity	Meal, Cottonseed			(1000 MT) (PERCENT)		
	Revised 1999		Preliminary 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Crush	965	980	1,350	1,315	1,125	980
Extr. Rate, 999.9999	0.5358	0.5408	0.5444	0.5399	0.5333	0.5408
Beginning Stocks	5	5	5	5	5	5
Production	517	530	735	710	600	530
MY Imports	10	5	5	5	5	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	532	540	745	720	610	540
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum.	0	0	0	0	0	0
Feed Waste Dom. Consum	527	535	740	715	605	535
TOTAL Dom. Consumption	527	535	740	715	605	535
Ending Stocks	5	5	5	5	5	5
TOTAL DISTRIBUTION	532	540	745	720	610	540
Calendar Year Imports	0	5	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	Oil, Cottonseed			(1000 MT) (PERCENT)		
	Revised 1999		Preliminary 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Crush	965	980	1,350	1,315	1,125	980
Extr. Rate, 999.9999	0.1606	0.1582	0.1630	0.1559	0.1600	0.1582
Beginning Stocks	0	0	0	0	0	0
Production	155	155	220	205	180	155
MY Imports	10	10	10	5	10	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	165	165	230	210	190	160
MY Exports	29	29	35	40	28	20
MY Exp. to the EC	1	0	1	1	1	1
Industrial Dom. Consum	55	55	57	50	47	45
Food Use Dom. Consump.	81	81	138	120	115	95
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	136	136	195	170	162	140
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	165	165	230	210	190	160
Calendar Year Imports	0	10	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	29	0	40	0	20
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production and consumption figures have been adjusted based on the above noted modifications in crush data.

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